

# Calendar No. 1453

77TH CONGRESS }  
2d Session }

SENATE

{ REPORT  
{ No. 1409

## ADDITIONAL APPROPRIATION FOR THE MARINE AND WAR-RISK INSURANCE FUND TO BE ADMINISTERED BY THE WAR SHIPPING ADMINISTRATION

---

MAY 27 (legislative day, MAY 26), 1942.—Ordered to be printed

---

Mr. GLASS, from the Committee on Appropriations, submitted the  
following

### REPORT

[To accompany H. J. Res. 314]

The Committee on Appropriations, to whom was referred the joint resolution (H. J. Res. No. 314) making an additional appropriation for the marine and war-risk insurance fund, report the measure without amendment and with a recommendation for early consideration and passage by the Senate.

The resolution provides the sum of \$210,000,000 to supplement an appropriation of \$40,000,000 made in Public Resolution No. 94, of the Seventy-sixth Congress, approved July 18, 1940, and is in pursuance to a Budget estimate contained in House Document No. 720. The original appropriation of \$40,000,000 was made to the United States Maritime Commission, but the administration of insurance operations during the period of the war has been transferred to the War Shipping Administration pursuant to Executive Order No. 9054 of February 7, 1942, and this appropriation is made direct to that agency.

By the acts of June 24, 1940, and June 6, 1941, authority has been granted to provide war-risk insurance to hulls, personnel, and cargoes of American-flag and Government-controlled vessels; and also to foreign-flag ships requisitioned, acquired, or chartered under the provisions of the act of June 6, 1941, referred to above.

The situation with respect to marine and war-risk insurance and the need for additional funds are clearly set forth in the following excerpt from Admiral Land's statement before the House Committee on Appropriations:

Mr. Chairman and gentlemen of the committee, the war-risk insurance law to provide Government insurance for American-flag and Government-controlled vessels was enacted June 29, 1940. An appropriation of \$40,000,000 established the insurance fund in July 1940.

By Public, 101, Seventy-seventh Congress, enacted on June 6, 1941, to authorize the requisition of foreign-flag merchant ships lying idle in ports of the United States, the war-risk insurance fund was made available for writing insurance in respect to vessels requisitioned, acquired, or chartered under that act.

Up to the time of the declaration of war, the private insurance market still was able to furnish most of the needed insurance on reasonable terms, and the bulk of Government war-risk insurance was written with respect to vessels covered by Public, 101.

After the declaration of war, the Government found it necessary to write a considerable amount of insurance on hulls, some insurance on members of crews, but until recently, substantially no need for insurance on cargoes. At the end of March 1942, the private insurance market withdrew almost entirely from the field of writing war-risk insurance on hulls. The War Shipping Administration, to which was transferred the administration of the war-risk insurance fund by the Executive order of February 7, 1942, had to step in in order to provide the insurance necessary to keep ships moving. When the recent wartime amendments to the basic war-risk insurance law of June 29, 1940, were enacted, these amendments were made effective as of April 1, 1942 (Public, 523, approved April 11, 1942).

Since the 1st of April the amount of Government insurance in force has increased enormously. As of April 30, 1942, the War Shipping Administration had in force marine war-risk insurance in the amount of \$872,880,633.03. This figure does not include certain liabilities on vessels acquired under Public, 101. Insurable values on such vessels have not been finally determined, but it was estimated for the Budget Bureau that these amount to approximately \$64,000,000 plus on hulls, and about \$18,000,000 plus on crew interests.

The original war-risk insurance fund was set up to cover emergency situations, but did not take into consideration the circumstances of risk to shipping if the United States were engaged in war. As you know, the risks to shipping in this war are unprecedented, and the liability, arising from the concentration of risks involving large convoys in areas subject to concentrated air, surface, and underwater attack, is tremendous.

Under these war conditions the ratio of reserve necessarily must be large, and the additional appropriation to the fund requested is based on a maximum of \$1,000,000,000 coverage outstanding at any one time which is, in fact, very conservative. The total amount outstanding, as I have already stated, is about \$873,000,000.

○

The resolution provides the sum of \$210,000,000 to supplement an appropriation of \$40,000,000 made in Public Resolution No. 94 of the Seventy-sixth Congress, approved July 18, 1940, and is in pursuance to a Budget estimate contained in House Document No. 720. The original appropriation of \$40,000,000 was made to the United States Maritime Commission, but the administration of insurance operations during the period of the war has been transferred to the War Shipping Administration pursuant to Executive Order No. 9054 of February 7, 1942, and this appropriation is made direct to that agency.

By the acts of June 24, 1940, and June 6, 1941, authority has been granted to provide war-risk insurance to hulls, personnel, and cargoes of American-flag and Government-controlled vessels; and also to foreign-flag ships requisitioned, acquired, or chartered under the provisions of the act of June 6, 1941, referred to above.

The situation with respect to marine and war-risk insurance and the need for additional funds are clearly set forth in the following excerpt from Admiral Land's statement before the House Committee on Appropriations:

Mr. Chairman and members of the committee, the war-risk insurance law to provide Government insurance for American-flag and Government-controlled vessels was enacted June 29, 1940. An appropriation of \$40,000,000 established the insurance fund in July 1940.